

From: Mesen, Michelle
To: Lisa Choi
Date: 1/24/03 1:39PM
Subject: RE: UK Competition Commission forces down mobile termination rates

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Lisa,

C&W USA would be pleased to submit the language below into the record of the proceeding (IB Dockets 02-324 and 96-261).

In addition, for your information, there is an article you may find of interest regarding mobile termination in the January 23rd edition of Total Telecom (<http://www.totaltele.com>). entitled "Europe to catch the call-termination regulation bug" by Joey Gardiner.

Thanks and regards,

Michelle Mesen
Sr. Manager, International Government Relations
Cable & Wireless USA
1130 Connecticut Avenue, NW
Suite 1201
(202) 912-2468
(202) 530-8094
michelle.mesen@cw.com

RECEIVED**JAN 28 2003****Federal Communications Commission
Office of the Secretary**

Ofcom announced in late 2001 that it would be amending the Licences of all four mobile operators to force them to reduce mobile termination rates by 12% per year (in real terms) for four years. The mobile operators rejected this Ofcom ruling, so the matter was sent to the Competition Commission for resolution. After twelve months of intensive investigation, the Competition Commission issued its ruling - which Ofcom published on 22 January 2002.

The Competition Commission recommendation is as follows:

'All four mobile operators will be required to implement a 15% reduction to mobile rates by 25 July 2003.

'Every year for three years T-Mobile and Orange will be obliged to reduce rates by a further 14% (in real terms) while Vodafone and O2 will be obliged to implement a 15% real reduction. The first of these annual reductions will take place within financial year 2003-04 and will be on top of the one-off reduction to be implemented by 25 July 2003.

The operators will have to implement these reductions on a basket of the daytime, evening and weekend rates.

Given how much worse this result is for the mobile operators than the original Ofcom proposal, it is highly likely that they will launch an appeal. Indeed, Vodafone is already reported as stating that it will do so.

Ofcom's press release can be found at:

http://www.ofcom.gov.uk/press/releases/2003/pr01_03.htm

And the released parts of the Competition Commission report can be downloaded from:

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http://www.oftel.gov.uk/publications/mobile/2003/ctm_index_0103.htm

CC: Gardner Foster, James Ball, Slesinger, Cathy, Mesen, Michelle